

Adjustments to SPM Thresholds: Focus on In-Kind Benefits, Prices, and Expenditure Definitions

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(with research conducted in cooperation with Marisa Gudrais and Juan Munoz)

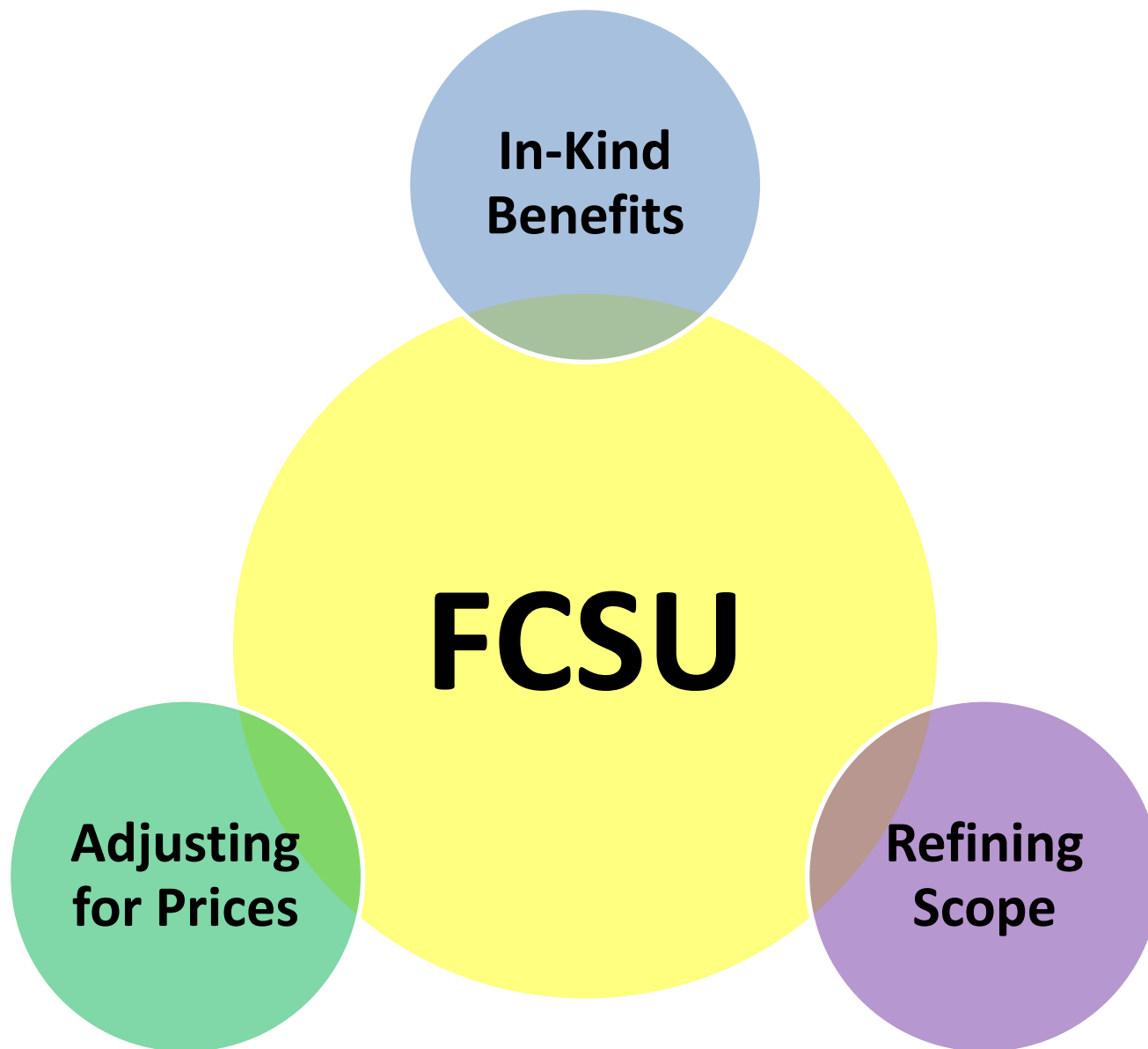
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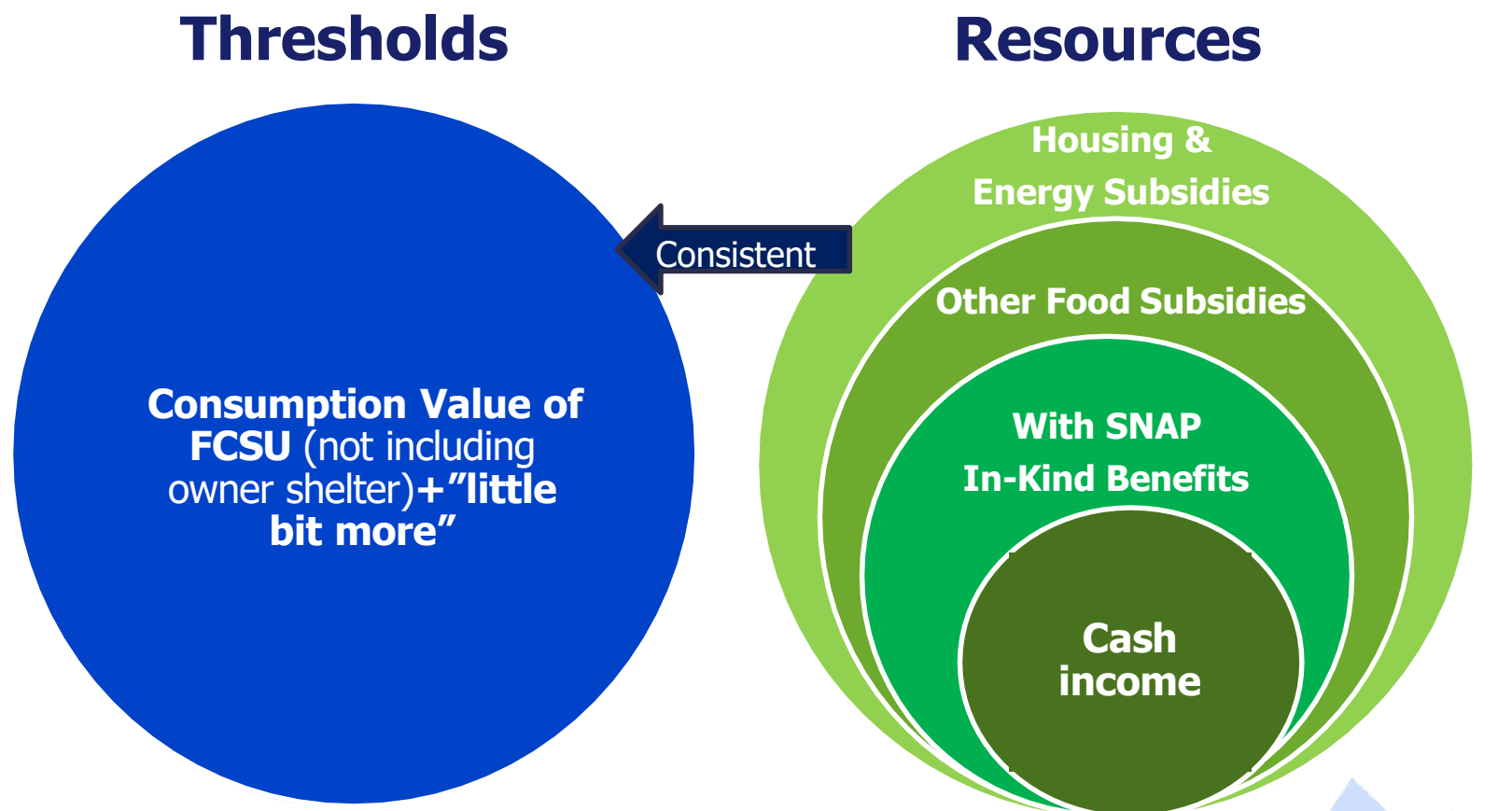




1. In-Kind Benefits Accounted for in SPM Thresholds

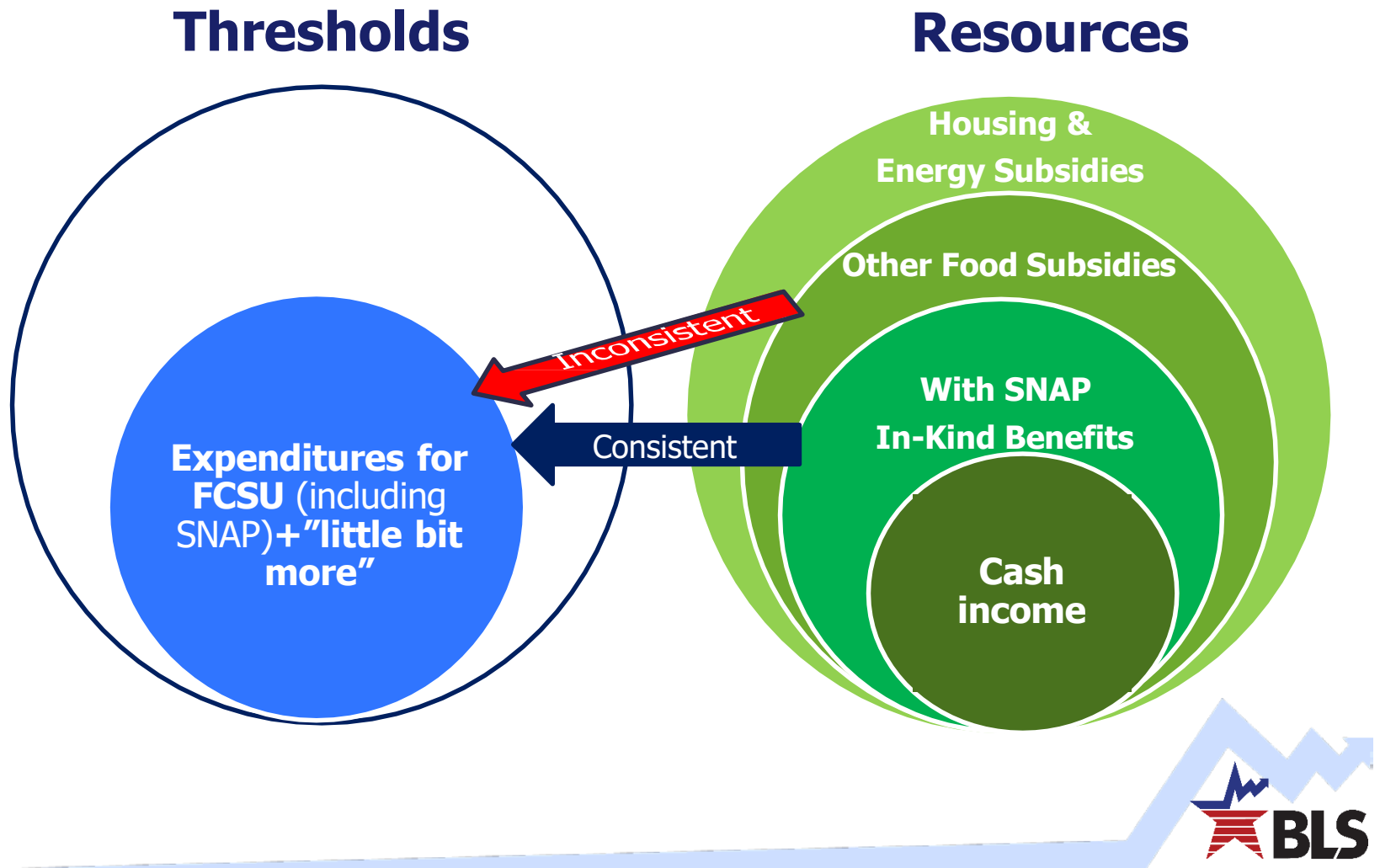


Consistency in Poverty Concept: Resources to Meet FCSU and Evaluate In-Kind



Missing Data Problem in Thresholds Leads to Inconsistency in Poverty Measure

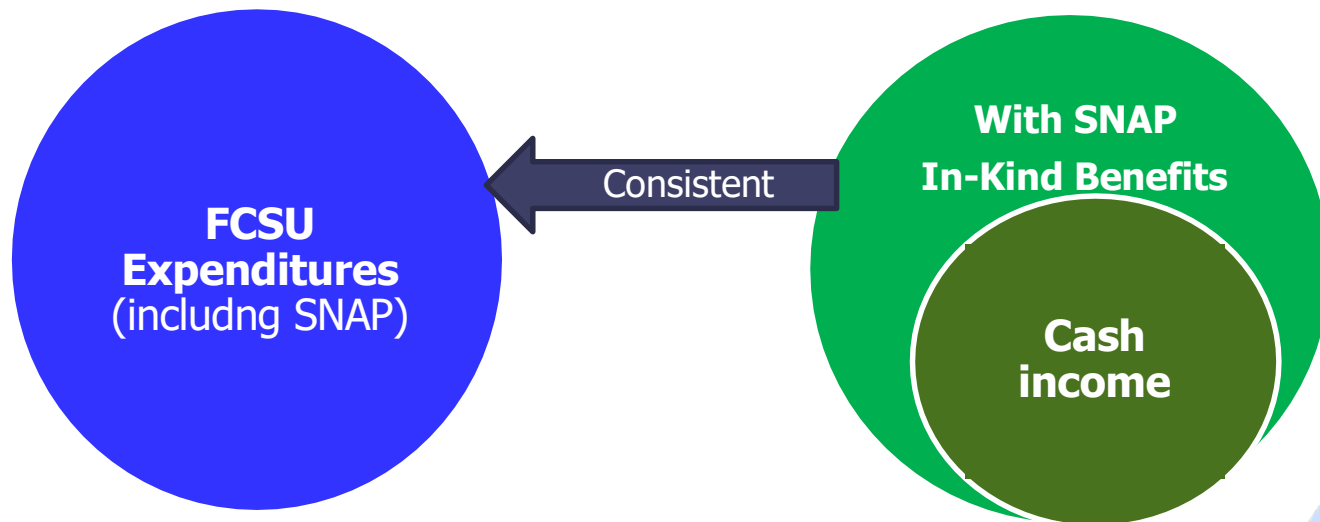
(current measure)



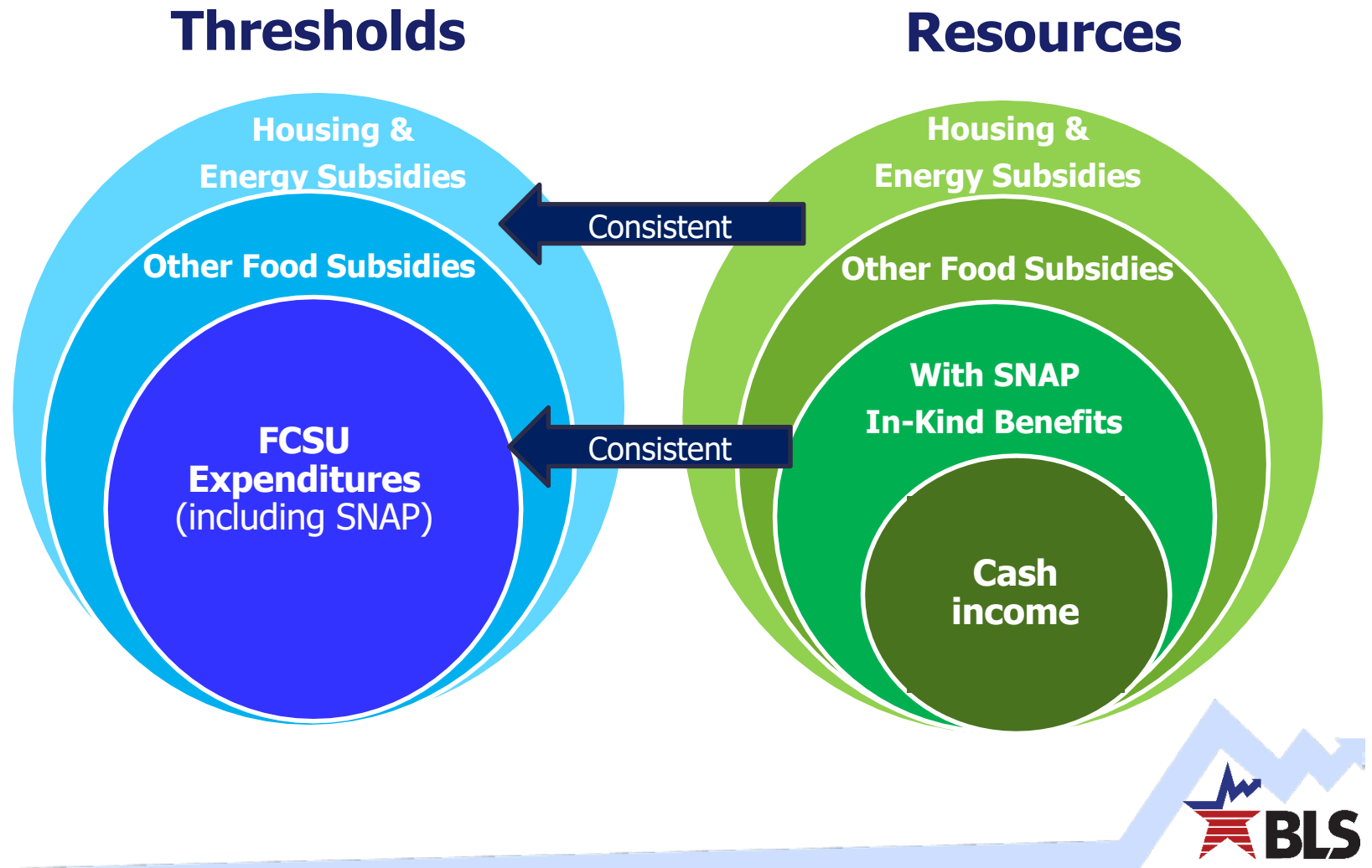
Possible Solution: Thresholds and Resources Consistently Defined

Thresholds

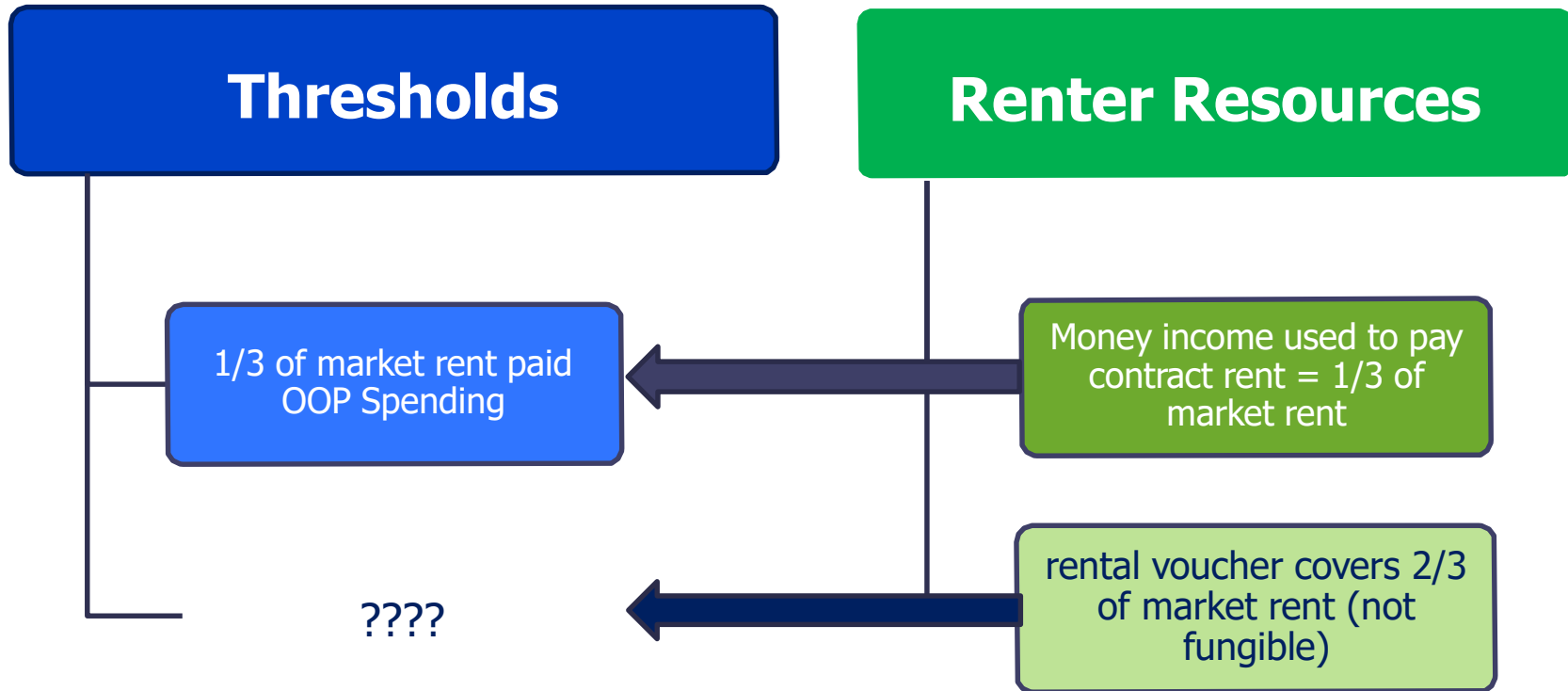
Resources



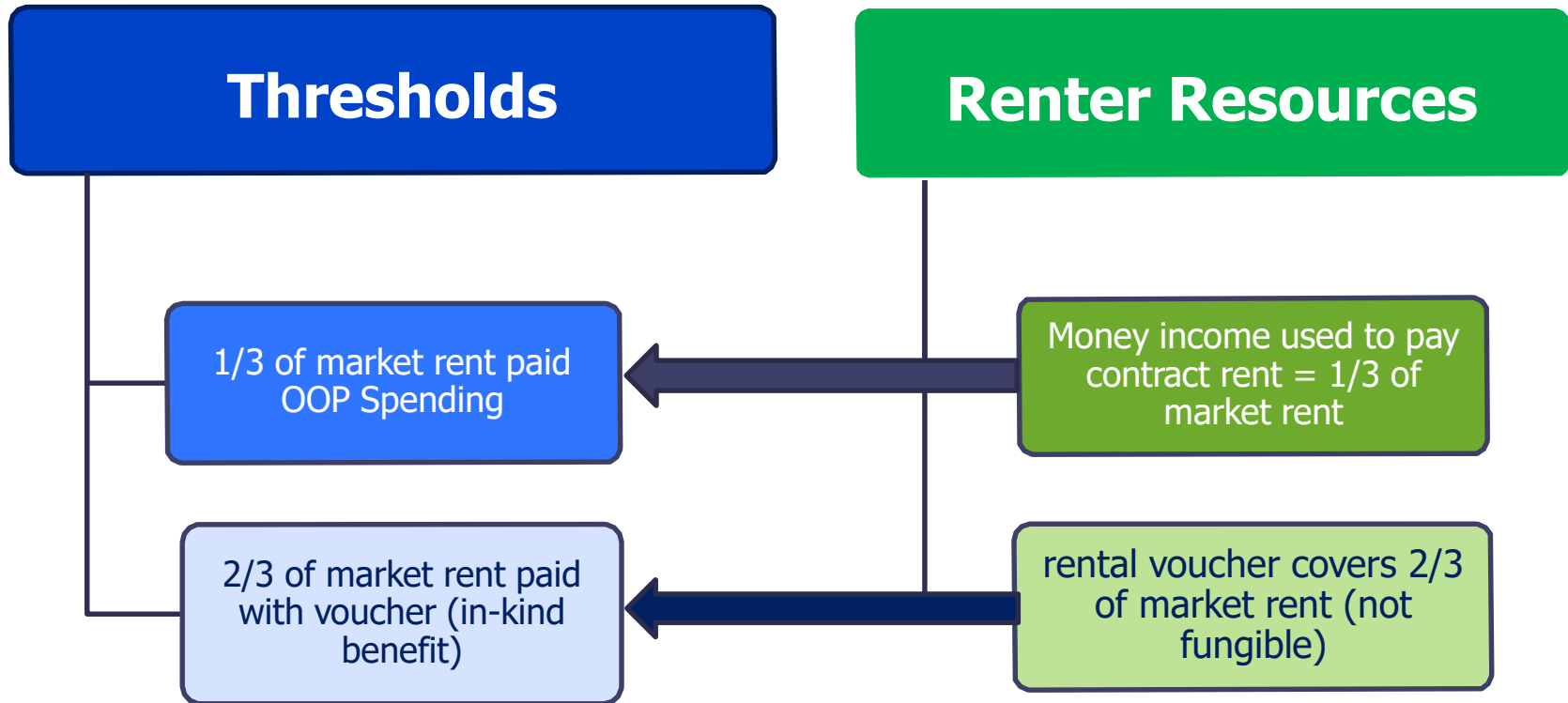
Better Solution to CE Missing Data Problem



Example of Subsidized Renter: the Case of Rent Spending in Thresholds



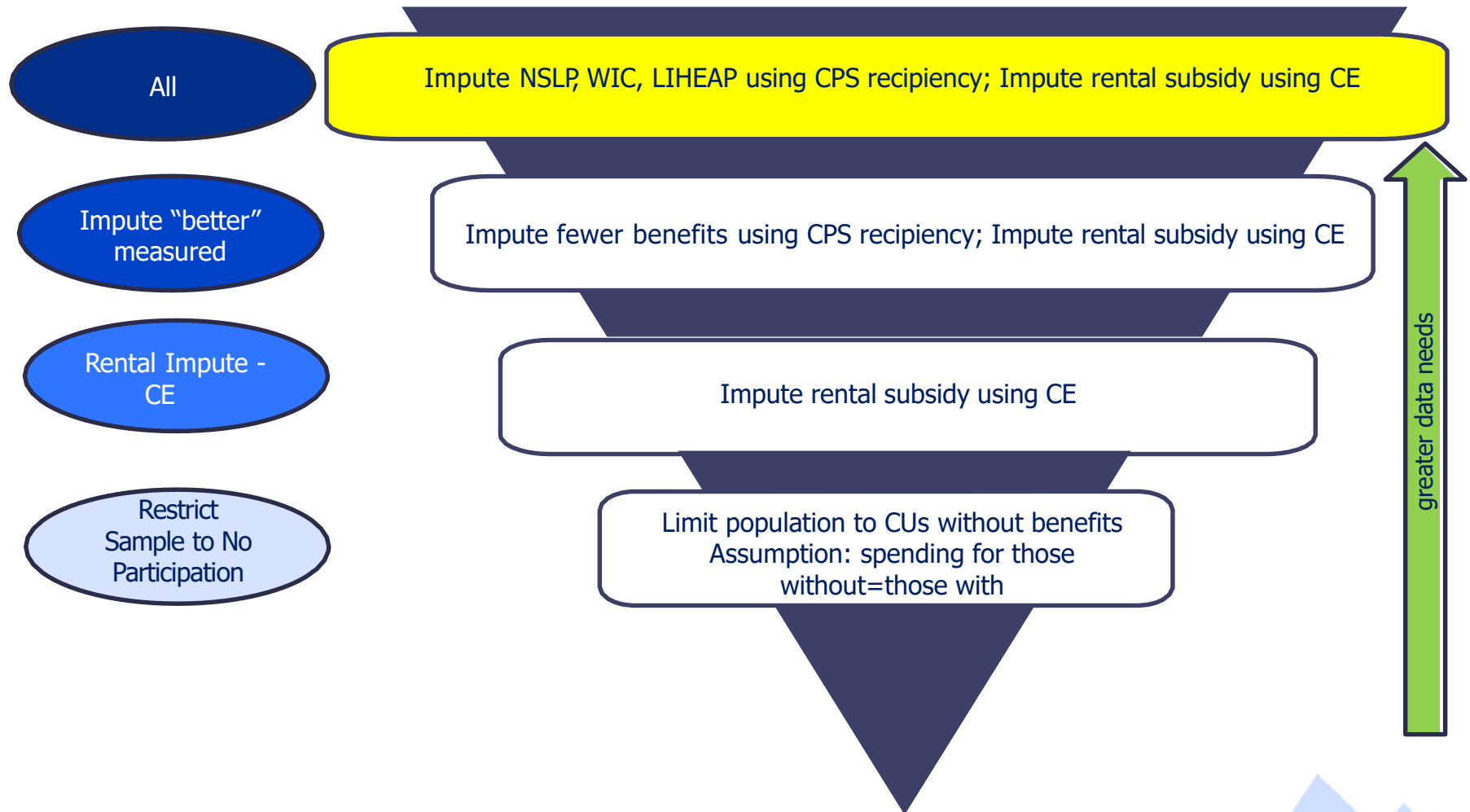
Example of Subsidized Renter: Consumption Rent Value in Thresholds



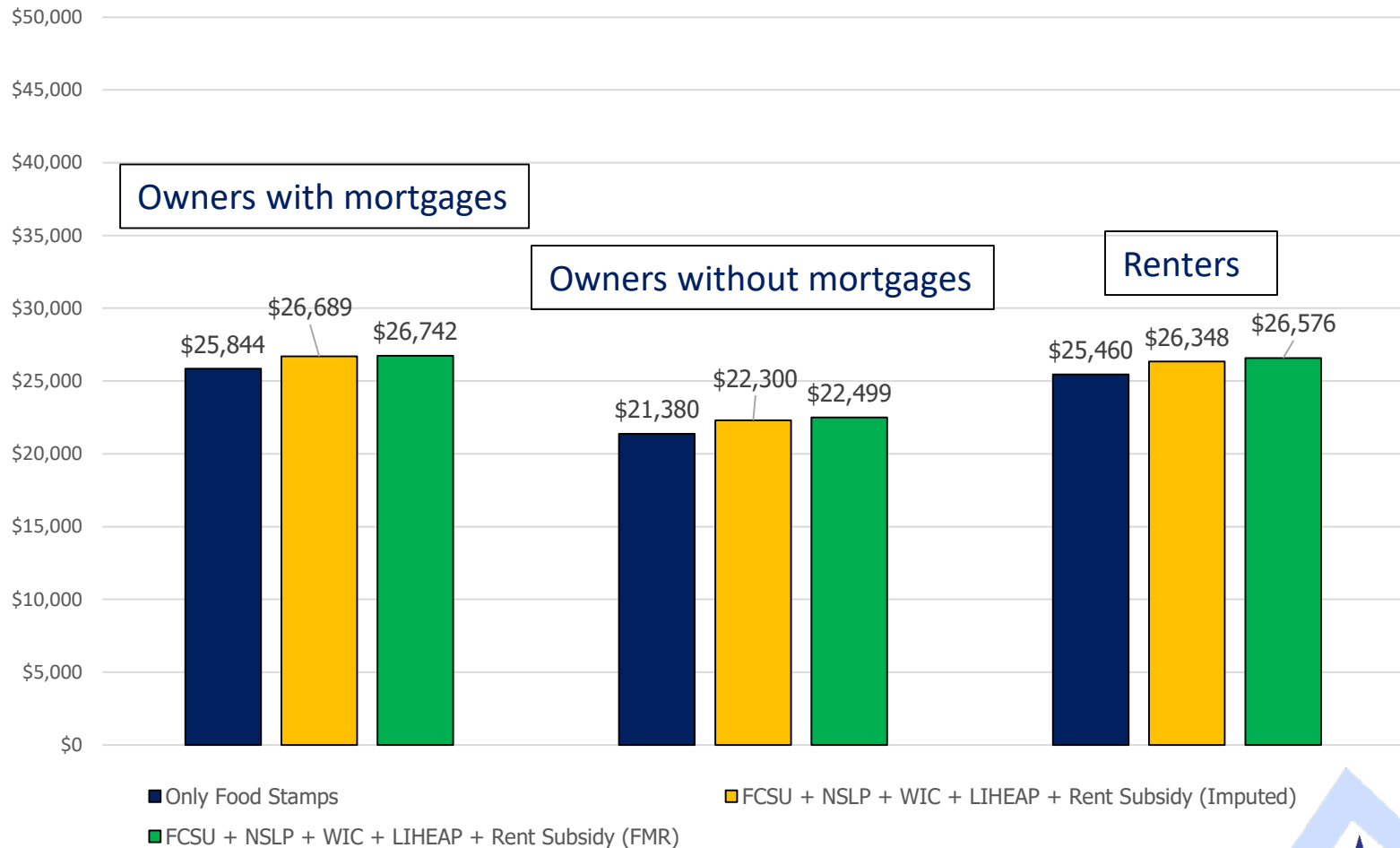
Expenditures, In-Kind Benefits, and Resources

Benefit	Form of Benefit	Value of Commodity or Service in CE Reported Expenditures?	Commodity or Service Value in Thresholds	In Resources
SNAP	EBT cash-value to CU	yes, as food expenditures= full value	OOP	cash value
NSLP	Direct payment to school	< full value	OOP+imputed benefit	imputed benefit
WIC	Voucher paper or EBT for commodities to CU (& cash value voucher for fruits and veggies to CU)	< full value yes, as food expenditure for WIC fruits and veggies	OOP+imputed benefit	imputed benefit
LIHEAP	Direct payment to vendor (& check to CU to pay for "utilities" included in rent)	< full value Yes, as expenditures for LIHEAP utilities	OOP+imputed benefit	cash value
Rental Assistance	Landlord accepts voucher or CU lives in public housing	< full value	OOP+imputed benefit	imputed benefit

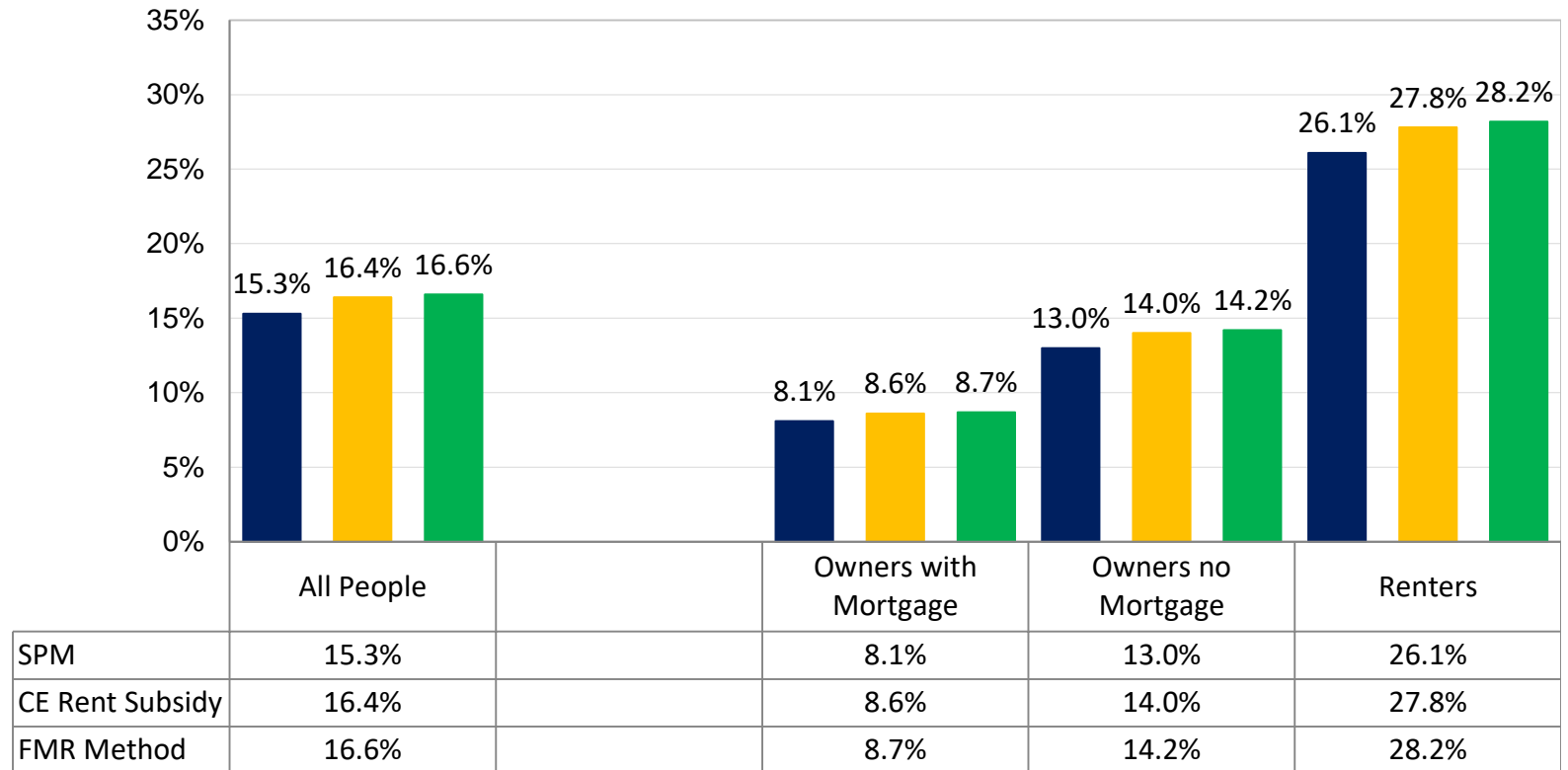
Options: Valuing “Needs” when Data Are Missing: Administrative Data or Imputations



2014 SPM Thresholds with and without In-Kind Imputed Benefits: 2 Adults with 2 Children (“2A+2C”)



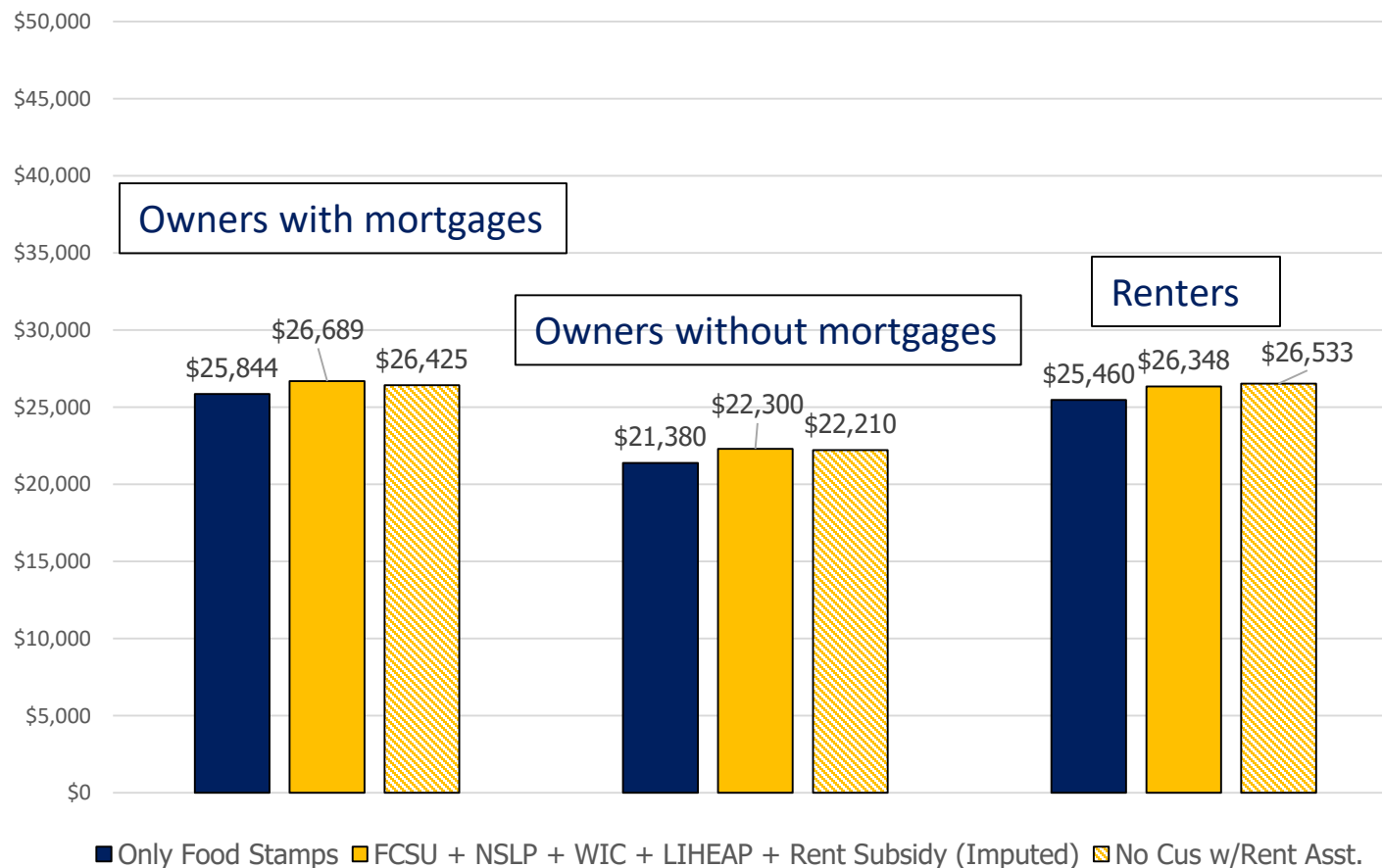
2014 Poverty Rates for Thresholds with and without In-Kind Imputed Benefits



*Source: U.S. Census Bureau, Current Population Survey, 2015 Annual Social and Economic Supplement. Poverty rates produced by Trudi Renwick.



Alternative to Deal with Missing Values-Dropping Benefit CUs: Impact on 2014 SPM Thresholds for “2A+2C”



In-kind Benefits In SPM Thresholds: Summary and Recommendations

- Examined impact of different options to deal with missing data in the CE, imputing participation and benefits
- FCSU + in-kind benefits results in thresholds that are consistent with resources
- **Recommendations**
 - Impute in-kind benefits to CUs before thresholds produced
 - Use CE for rental assistance
 - Use CPS ASEC public use data for WIC, NSLP, LIHEAP
 - Due to delay in release of CPS ASEC data, other options
 - Base thresholds on CUs not in public housing or receiving rental subsidy
 - Other?

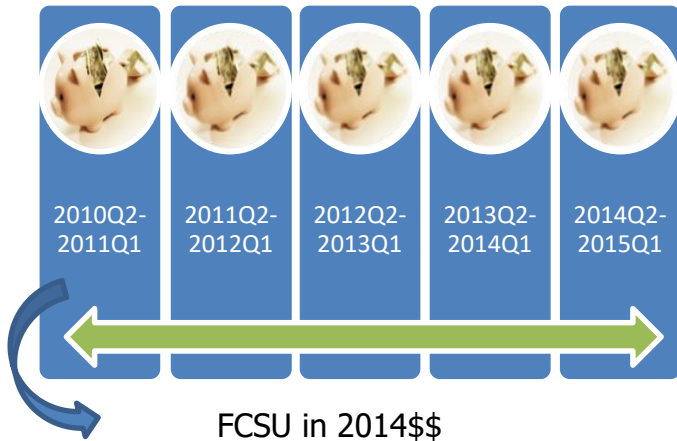


2. Adjusting for Across Area Prices before Deriving SPM Thresholds

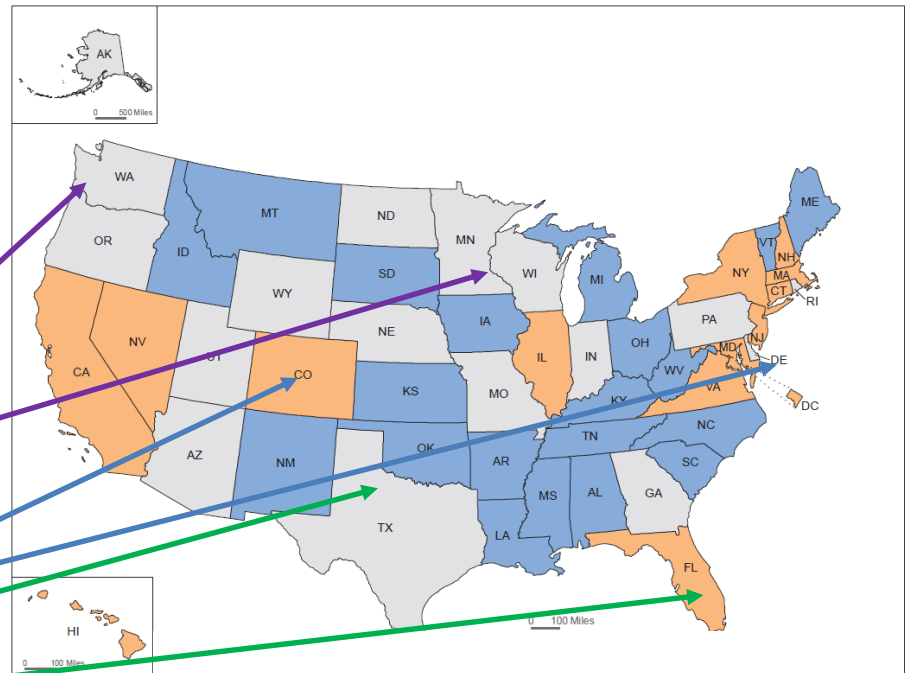


The Role of Prices in SPM Thresholds

Over Time to “Year”



from National to Geographic Areas



2A+2C Thresholds for 2014

Owners with mortgages

Owners without Mortgages

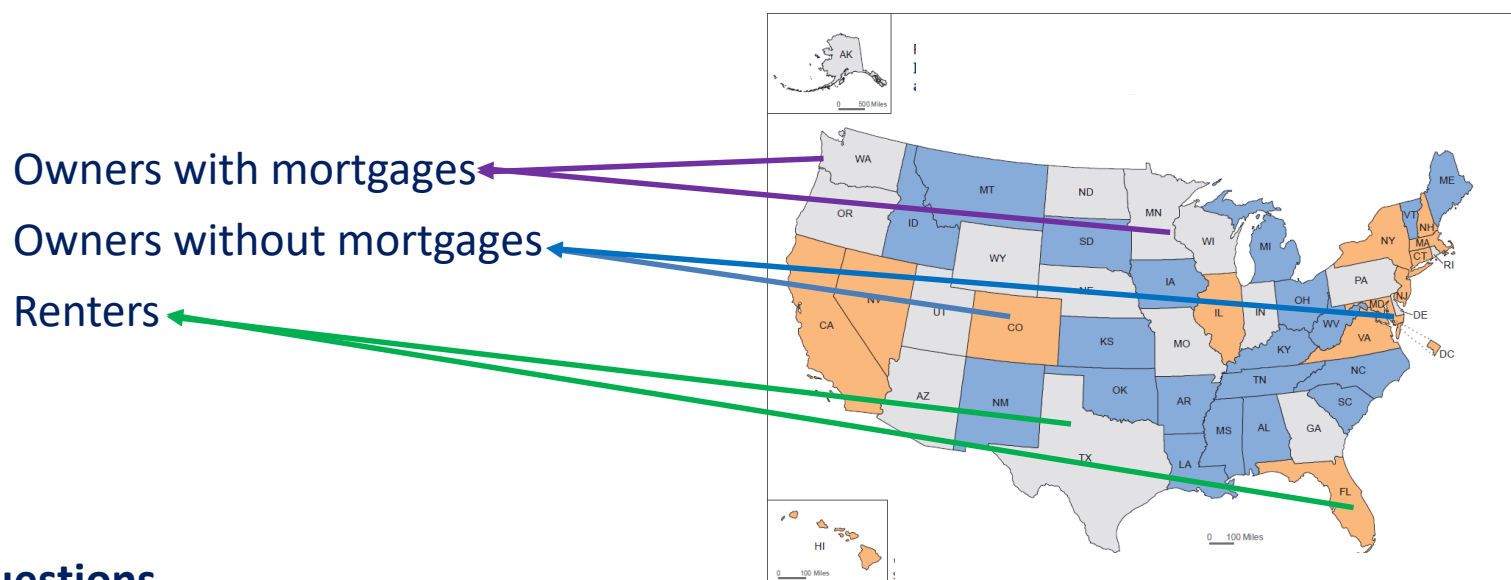
Renters

Currently...

1. *Converting 5 years of expenditures to threshold year dollars using All Urban Consumers (CPI-U) for the U.S. City Average at **CU level, prices across time***
2. *Creating geographic area thresholds using Median Rent Index (MRI) applied at **threshold level** to allow for differences in **prices across area***

The Role of Prices Not Considered

- Spatial differences in shelter and utility costs are already embedded in the 2A+2C SPM thresholds (Bishop, Lee, and Zeager 2017)
- As currently published, *no attempt to account for spatial differences in housing costs* before producing “national average” SPM thresholds



➤ Questions

- If there are differences, is this a concern?
- If yes, how to account for these differences before producing the thresholds?

Comparison of Quality-Adjusted Normalized “Prices”: 2014

	CE Interview			ACS
	Renter S+U	Owner with Mortgage S+U	Owner without Mortgage S+U	MRI 2014 ^a
Maximum	1.791	1.781	2.290	1.782
Minimum	0.615	0.721	0.680	0.595
Range	1.176	1.060	1.610	1.187
Ratio of Max to Min	2.912	2.470	3.368	2.996

^a Based on 5-year American Community Survey median rents for 2-bedroom apartments with complete kitchens and full baths (Renwick 2017).

- Based on log expenditures regressed on area dummy and control variables including housing unit characteristics
- Relative differences in renter and owner expenses across areas represented by area coefficients, holding all other characteristics constant
- Geometric mean across index areas, weighted by CE population weights, equal to 1.0 for each housing tenure group (renters, owners with mortgages, and owners without mortgages)

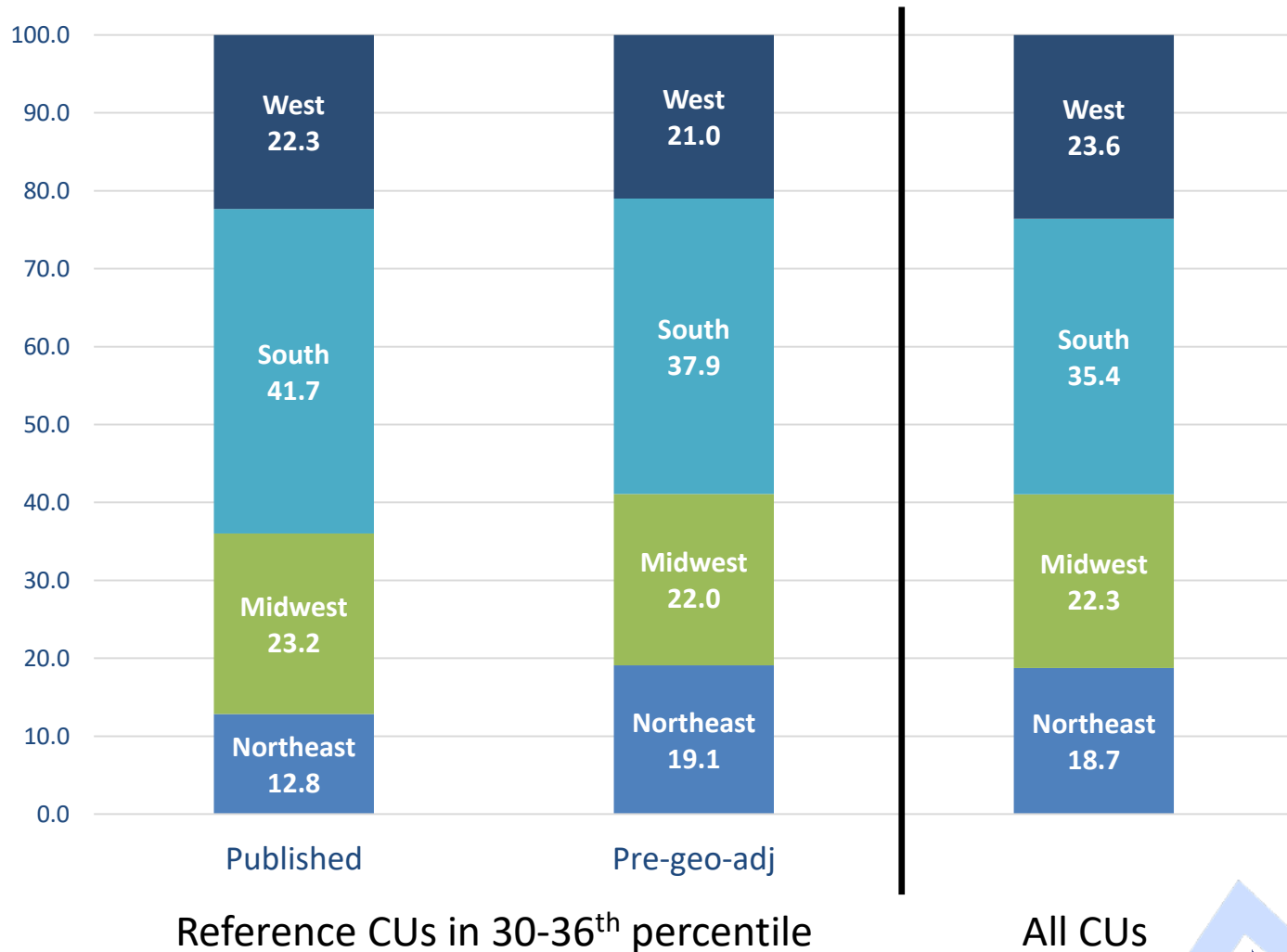
Example: Using CE Normalized Quality-Adjusted Prices to Adjust Housing Expenditures at CU Level for 2A+2C

$$FCSU'_i = F_i + C_i + Tele_i + \frac{S_i + U_i}{QANP_{a,j}}$$

		Quality-Adjusted Normalized Price	Monthly Housing Expenditures		F+C+Telep Expenditures	FCSU _i	
			Unadjusted	Adjusted	Unadjusted	Unadjusted	With Adjusted SU
Washington, DC-MD-VA-WV							
	Renter	1.461	\$1,170	\$801	\$500	\$1,670	\$1,301
	Owner with Mortgage	1.195	\$2,116	\$1,771	\$500	\$2,616	\$2,271
	Owner without Mortgage	1.234	\$671	\$544	\$500	\$1,171	\$1,044
Rural South							
	Renter	0.615	\$440	\$715	\$500	\$940	\$1,215
	Owner with Mortgage	0.730	\$891	\$1,221	\$500	\$1,391	\$1,721
	Owner without Mortgage	0.683	\$294	\$430	\$500	\$794	\$930

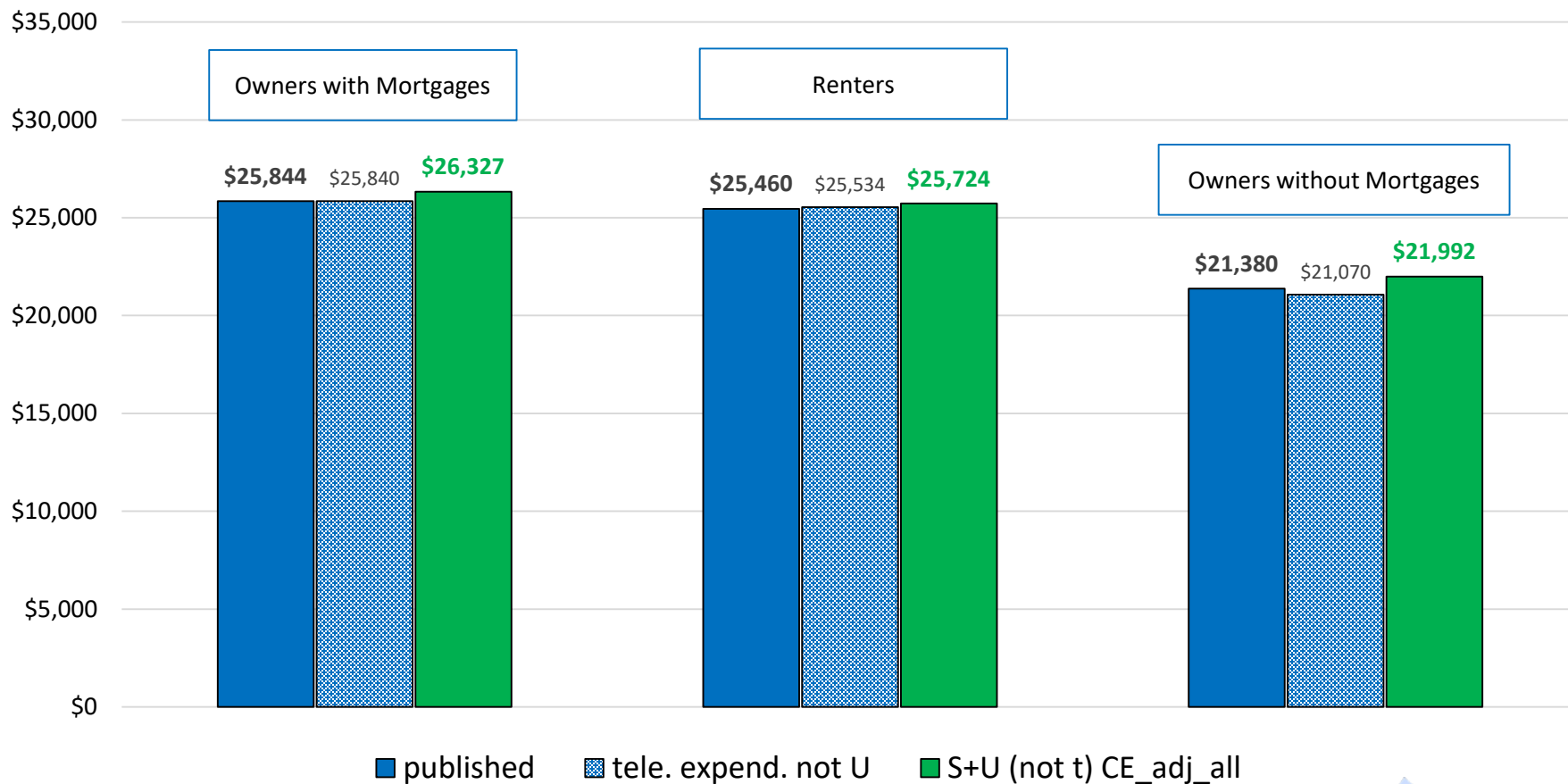


Percentage Distribution of CUs in 30-36th Percentile Range of FCSU Published vs. with Pre-Geo-adjustment vs. All CUs

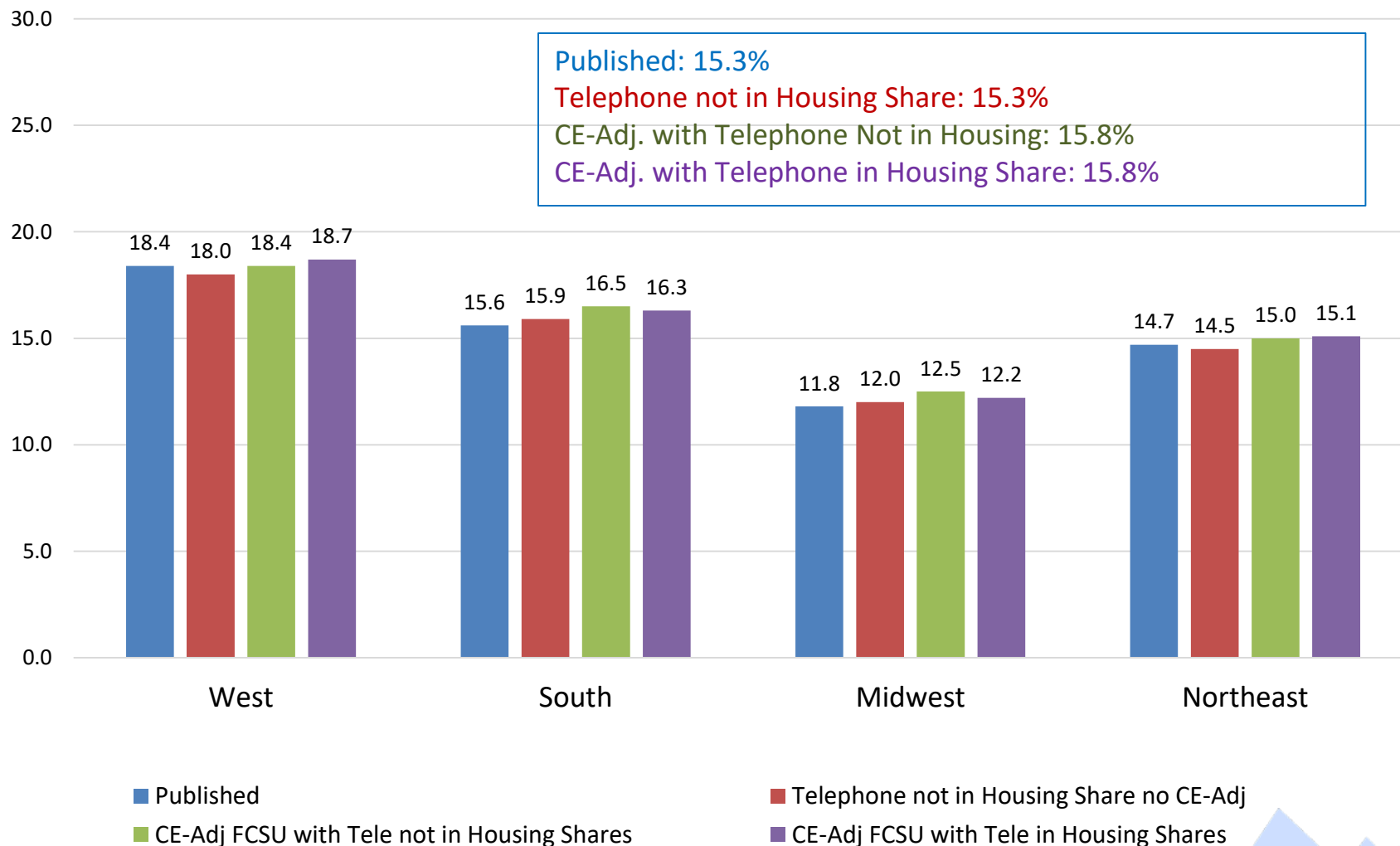


2014 SPM Thresholds with and without Quality-Adjusted Normalized “Prices” Applied to S_i+U_i for 2A+2C

$$SPM'_{j,2014} = 1.2 * FCTSU'_{R,2014} - SU'_{R,2014} + SU'_{j,2014}$$



2014 Percentage of SPM Poor Based on Published SPM Thresholds vs. Thresholds with and without Telephone in Housing and CE-Geo Adj.



Adjusting for Across Area Prices before Deriving SPM Thresholds: Summary and Recommendations

- Determined that spatial differences in shelter and utility costs, embedded in the 2A+2C SPM thresholds, impact poverty rates
- Proposed a method to account for these differences

- **Recommendations**
 - Move telephone expenditures be moved out of housing share for Census Bureau adjustment to derive geographic SPM thresholds
 - Adjust S+U expenditures for spatial differences across geographic areas before estimating SPM thresholds



3. Refining the Scope of FCSU Expenditures



Refining What is Included in FCSU

- Shelter and utilities for primary residence only
 - No home equity loans or lines of credit
 - No vacation shelter or utilities
- Food at home + Food Away from Home
 - No food or rent as pay (*not accounted for in resources*)
- Suggestions
 - Food Away from Home *minus* Catered affairs
 - Apparel *minus*
 - Material and supplies for sewing, needlework, quilting (includes for household items)
 - Watches
 - Jewelry
 - Watch and jewelry repair
 - Clothing rental
 - Clothing storage
 - Coin-operated apparel laundry and dry cleaning
 - Apparel laundry and dry cleaning not coin-operated



Refining What is Included in FCSU: Recommendations

- Need to conduct research on the impact of changes
 - Thresholds
 - Poverty rates

- **Recommendations**
 - Drop catered affairs from food away from home
 - Drop non clothing (and repair) items from apparel



Contact Information

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